

NACDS

National Association of Chain Drug Stores

Craig L. Fuller
President & CEO

January 24, 2000

The Honorable Tom Bliley
Chairman
Committee on Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your letter of December 14, 1999, to Leonard Genovese who previously had served as Chairman of the Board of the National Association of Chain Drug Stores. I am providing NACDS' comments on HR 2944, the Electricity Competition and Reliability Act, as reported to the full Committee last year.

The National Association of Chain Drug Stores (NACDS) membership consists of 141 retail chain community pharmacy companies. Collectively, chain community pharmacy comprises the largest component of pharmacy practice with over 94,000 pharmacists. The chain community pharmacy industry is comprised of more than 19,000 traditional chain drug stores, 7,000 supermarket pharmacies and 5,000 mass merchant pharmacies. The NACDS membership base operates more than 31,000 retail community pharmacies.

NACDS members, both traditional chain drug stores and supermarket and mass merchant companies, are large purchasers of electric power for the operation of their retail establishments as well as distribution and warehouse facilities. Our members strongly support enhanced competition in the electric power industry that will bring significant savings to these businesses.

Consequently, we support the rationale behind HR 2944. In addition, we recognize that many provisions that do not affect us directly, including repeal of the Public Utility Holding Company Act and the Public Utility Regulatory Policies Act, will enable generators and distributors of electric power to implement efficient programs that will result in lower power costs to consumers, including retail businesses.

However, we are disappointed that HR 2944, as currently drafted, does not adequately address the issue of aggregation of purchases, regardless of location, nor does it establish a date certain for deregulatory action. Both of these provisions are significant issues for "main street businesses" and are necessary for businesses to receive the full benefits from deregulation legislation.

Many NACDS member companies operate in multiple states. Without the uniformity that will result from a date certain, these power purchasers will be required to comply with multiple power marketing schemes and state utility laws that will constitute a barrier to efficient market competition.

In addition, companies that operate in several jurisdictions would be put at a disadvantage when purchasing power when faced with conflicting laws and requirements related to the aggregation of purchases. Uniformity and equal treatment are important components of any successful deregulation effort.

In its current form, HR 2944 provides greater benefits for utilities, power marketers and large industrial consumers than it does for residential and commercial users.

We urge you and the Committee to address the issues of aggregation and date certain in future discussions to ensure that the final legislation provides equitable benefits for all users of electric power.

NACDS recognizes that efforts to enact deregulation legislation will require compromise by all interested parties, but we must insist that commercial and residential consumers deserve to share fully in the economic benefits that will result from deregulation.

We look forward to working with you in 2000 in this effort toward greater competition in the electric power industry. Please contact David Lambert, NACDS' Vice President of Government Affairs, if we can be of additional assistance to you.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Lawrence Kocot", written over the typed name.

S. Lawrence Kocot
Senior Vice President
and General Counsel